

# **CREDIT UNION DIVISION PERFORMANCE REPORTING**

## AGENCY OVERVIEW

### *Vision/Mission/Values*

The primary purpose and mission of the Credit Union Division is the administration and execution of the laws of the State of Iowa relating to credit unions so as to effectively safeguard the interests of the depositors and shareholders of those organizations. Our vision is to provide for a regulatory environment in which Iowa's credit unions can prosper, operate in a safe and sound manner, and meet the financial service needs of their members. Our guiding principals are customer focus, results orientation, long-range thinking, data-based decisions, continuous improvement, collaborative leadership, and employee participation.

### *Core Functions/SPAs*

The Division's core functions are regulation and compliance and resource management.

Regulation and compliance services include a risk-focused supervision and examination program which identifies, measures, monitors, and control unacceptable levels of risk. Our performance target is to perform 80 examinations annually for Iowa Code Chapter 533.6 compliance. A red flag system, subject matter specialists, and training are other key services provided by the Division.

The intent of the core function of resource management is to improve communication and accessibility to information by providing timely and accurate services to division employees, credit union management & members, and other state agencies. This unit is responsible for the accounting, budgeting, human resources, rules and regulation, planning, and information technology.

### *Customer/stakeholders*

The Division identified the following customer groups:

Credit unions, which expect the Division to provide examinations at least every 24 months, a copy of which is provided to the NCUA, the federal insurer of credit union deposits; stakeholders and depositors, which expect the Division to provide for a regulatory environment in which Iowa's credit unions can prosper, operate in a safe and sound manner, and meet the financial service needs of their members; the National Credit Union Administration which expects the Iowa chartered credit unions to submit accurate and timely 5300 Call Reports, Audit Committee verification, and a Banking Secrecy Act questionnaire; the Legislative Branch, which the Division requires to appropriate funds to operate; and the Executive Branch, that requires the Division to operate within the laws and regulations; and executive orders and members of the public which effect timely response to inquiries.

### *Organizational structure*

The Superintendent of Credit Unions is appointed by and serves at the pleasure of the Governor subject to confirmation by the Iowa Senate. The Superintendent is charged with the supervision, control and enforcement of the laws, bylaws, rules and regulations pertaining to the organization and operation of credit unions operating under a state charter.

The Governor appoints a seven-member Review Board for staggered three-year terms, also subject to confirmation by the Senate. Two of the Board members may be public members; however, at no time are there more than five of the members' directors or employees of a state or federal credit union. The Board meets at least four times each year and holds special meetings at the call of the chairperson. Four members constitute a quorum. The Board may adopt, amend, and repeal rules pursuant to Chapter 17A or take other action as it deems necessary or suitable, to effect the provisions of Iowa Code Chapter 533.

### *Employees*

Employees of the Credit Union Division are noncontract, nonmerit employees. There are currently 12 examiners, an executive officer, a secretary 2, and the superintendent in the Division. Although it is not a requirement, most employees have a 4 year degree.

The Division is committed to providing a well educated and well trained examination and administrative staff to effectively supervise and regulate Iowa Credit Unions.

The Division provides an expanded career path structure to accommodate the risk focused examination process. Both examination and administrative position duties and responsibilities have been updated. A supervisory examiner position was created to have direct responsibility for the examination and supervision program and direct oversight of the examination staff.

Additional senior examiner slots were added to provide an elongated career path for examiners. The senior examiners specialize in selected areas in addition to their regular examination work. They assist in their areas of expertise on exams/contacts, as well as, being a resource for other staff members. The Special Actions Examiner is charged with the supervision of the credit unions on the Watch List or under administrative action. The Training Specialist is assigned the responsibility of all aspects of the Division employee's training. The Capital Markets specialist is responsible for the examination of the Iowa League Corporate Central Credit Union. This person also serves as the Asset Liability Management and Investment Specialist. The IT Specialist position is responsible for the review of EDP systems, e-commerce and payment systems, as well as, the Division's technology needs. The Consumer Compliance Specialist is responsible for the compliance reviews and questions. All senior exam staff is assigned supervision of the larger more complex credit unions.

The Division's administrative unit consists of an executive officer, and a secretary. This unit is responsible for all administrative functions in the Division.

### *Budget*

Annual fees are paid by state-chartered credit unions to support the Credit Union Division. The amount collected each fiscal year reflects the actual operating costs of the Division. The annual operating fee is collected each year in two installments, during the months of December and August to coincide with the Division's fiscal year of July 1<sup>st</sup> to June 30<sup>th</sup>. The Credit Union Division was appropriated \$1,377,364 in Fiscal Year 2004 and expended \$1,254,202 of the appropriation. The Division received \$1,255,521 in receipts in Fiscal Year 2004. The Credit Union Division is no cost to the general fund of the State of Iowa.

# PERFORMANCE PLAN RESULTS

**Name:** Resource Management – Complaint Coordination

**Description:** Percentage of active complaints resolved within thirty days of receipt

**Why we are doing this:** The Credit Union Division provides a regulatory environment to safeguard the interests of credit union depositors and shareholders. Prompt and timely resolution to member complaints monitors the effective administration and execution of the laws relating to credit unions. This measure addresses timeliness, customer satisfaction, and complaint resolution.

**What we're doing to achieve results:** Each complaint is initially assessed to determine if the complaint requires an examiner to investigate. The examiner investigates and responds to the complaint within 20 days of receipt. The findings are documented and sent to the credit union and the complainee in written correspondence.

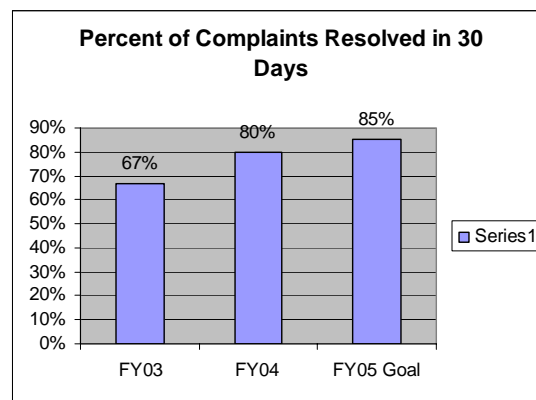
## Results

**Performance Measure:**

Percent of complaints resolved within 30 days of receipt.

**Performance Target:** 85% of complaints resolved within 30 days.

**Data Sources:** Division database reporting system



**Data reliability:** All complaints are entered into the database and are assigned a reference number for tracking purposes. Information concerning the complaint is entered into the database including the date received and the date the complaint is resolved.

**What was achieved:** Complaints resolved within 30 days of receipt improved by 13 %.

**Analysis of results:** Timely complaint resolution reinforces depositors and stakeholders confidence and helps to establish customer satisfaction.

## PERFORMANCE PLAN RESULTS

**Name:** Regulation & Compliance – Credit Union Members and Asset Growth

**Description:** Number of credit union members and assets from FY00 through FY 03

**Why we are doing this:** The Credit Union Division provides a regulatory environment to safeguard the interests of credit union depositors and shareholders. With mergers increasing between the credit unions, it is necessary to measure that members and assets are not declining.

**What we're doing to achieve results:** Ensure the credit union depositors and shareholders that our vision is to provide for a regulatory environment in which Iowa's credit unions can prosper, operate in a safe and sound manner, and meet the financial service needs of their members.

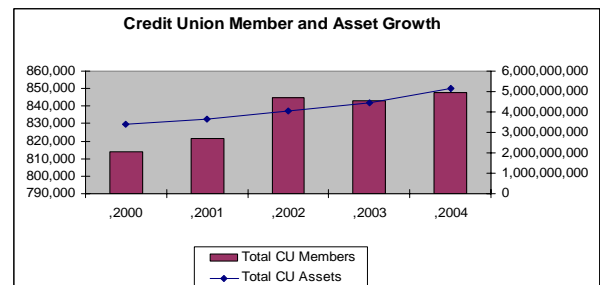
### Results

**Performance Measure:** Number of credit union members and assets annually

**Performance Target:** Continually increase credit union members and assets annually

**Data Sources:** Division database reporting system

**FY 05 Goal:** Continue to promote the credit union industry.



**Data reliability:** The integrity of data received from credit union management is attested by them to be true and accurate. The data is submitted quarterly and is reviewed for validity. The reliability of the data is ensured through technical constraints and checks and balances. The timeliness of information received is dictated by federal deadlines of information submittal.

**What was achieved:** This graph represents an annual increase of membership

**Analysis of results:** The results show that while credit unions are declining in number, the number of membership and assets continues to increase.

# PERFORMANCE PLAN RESULTS

**Name:** Regulation & Compliance – Annual Number of Camel 3 or lower Credit Unions

**Description:** Number of credit union with a Camel 3 or lower rating from FY00 through FY 04

**Why we are doing this:** The Credit Union Division provides a regulatory environment to safeguard the interests of credit union depositors and shareholders. A credit union's performance is measured by the CAMEL ratings. CAMEL ratings are based on a scale of 1 to 5, with 1 being the highest rating.

**What we're doing to achieve results:** The Division's main service is effective regulation and compliance through our risk-focused supervision for early identification of potential problems and close coordination with the credit unions to resolve concerns.

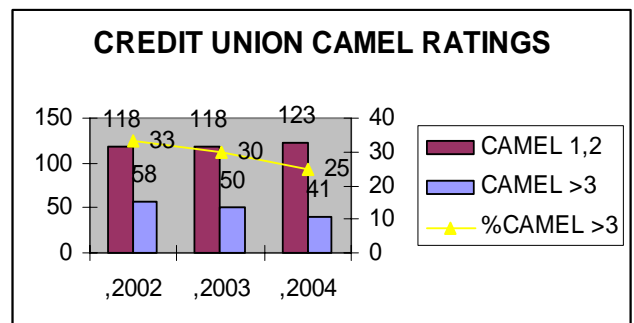
## Results

**Performance Measure:** Number and percentage of credit unions with a 3 or lower CAMEL rate.

**Performance Target:** Decrease the number of credit unions with a 3 or lower CAMEL rate.

**Data Sources:** Division database reporting system

**FY 05 Goal:** Continue to decrease the number of credit union's with a 3 or 4 CAMEL rate.



**Data reliability:** Reports of examination are conducted pursuant to Section 533.6(2), Code of Iowa, for use in the supervision of the Credit Union. The information contained in the reports is based upon the books and records of the Credit Union..

**What was achieved:** This graph represents an annual decrease of CAMEL 3 and lower credit unions.



